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period has only been fitful and not steady and stable.

If you look at the trends of growth in the last ten years, given in the *Economic Survey*, the fluctuations have been wide and frequent and not in conformity with targets and expectations. Besides, the average growth rate in the entire period of planned development has been only about 3.5 per cent. This year the growth rate is higher because of a good monsoon, as I said earlier. If there is a bad monsoon, again the situation may become worse. Compared to other developing countries, this growth rate of 3.5 per cent looks somewhat dismal. The figures available for other countries show differently, give a different picture. They have registered a 5.3 per cent growth all these years whereas our growth, in sipte of planned development, has been very halting, low and inadequate. What is more disturbing is the content and quality of this growth. What is really the content of the development which we have achieved over these years? Briefly, it is not the primary and the secondary sectors which are expanding so much as the tertiary sector. Even in the secondary sector it is the luxury goods rather than the wage goods which are crowding the markets. The economic cycle of growth has virtually produced what I call, a social cycle of despair. The Government has not been following a policy which reflects a sensible and effective balance of all factors. In other words the limited growth that we have achieved, has only resulted in unlimited misery for many. There is no dent on the poverty of the people. Those who are below the poverty line, have been denied adequate purchasing power. Their poverty has deepened. It may be 37 per cent or less than 37 per cent of the population. Over the period, their poverty has deepened. The living standards of the people below the poverty line or just above the poverty-line, has been deteriorating very fast. In the past you talked about minimum needs to be provided for the ordinary man. Now you seem to have given up that idea altogether . People are denied of minimum necessities—maybe food, maybe shelter, maybe clothing, maybe health, maybe education. While 40 per cent of the peple control only 4 per cent of the assets, 8.4 per cent of the people control 48 per cent of the assets. That is the picture now. So far your land reforms have been halfhearted and hesitant. You have distributed about 16 per cent of the cultivated land among the farmers. When Nehru was the Prime Minister, I remember—I was in the other House —he laid much emphasis on land reforms and various types of farming. Today I do not even find that emphasis. Most of the food production has to come from irrigated areas which constitute 30 per cent. And technology, human skills in respect of dry-land areas have not taken off the ground. They have not yielded any results. The net result is that the quality of growth is such that it is not directed towards the poor people and the common man. The result is that we see today in India two nations.

THE DEPUTY CHAIRMAN: Mr. Gurupadaswamy, you can continue after Lunch Hour.

The House is adjourned till 2.30 for Lunch.

The House then adjourned for lunch at thirtyone minutes past one of the clock.

The House reassembled after lunch at thirty-three minutes past two of the clock.**The Vice-Chairman** (SHRI JAGESH DESAI) in the Chair.

BUDGET (GENERAL), 1989-90—Contd.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Mr. Gurupadaswamy to continue.

SHRI M. S. GURUPADASWAMY: Nodbody from the Finance Ministry?

THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRI M. M. JACOB): I am here.

SHRI M. S. GURUPADASWAMY: You cannot be a substitute for all the Ministers.

SHRI M. M. JACOB: But I will take notes.

SHRI M. S. GURUPADASWAMY: Mr. Vice-Chairman, in the forenoon I was discussing the problems of poverty and inequality and the impact of successive budget on this twin problems. I was saying that ever since we began planning we have only helped to increase the gulf between the upper classes and the lower classes and between the areas of prosperity and the areas of distress.

SHRI DIPEN GHOSH (West Bengal): The Minister of Parliamentary Affairs is here, it is all right. But when the Budget is being discussed, apart from the Cabinet Minister, there are as many as three Ministers of State in the Finance and one of them should be made available. It should be noted.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): I appreciate your point.

SHRI M. M. JACOB: The Ministers are actually rushing.

SHRI M. S. GURUPADASWAMY: They should not rush but they should wait. Mr. Vice-Chairman, I was saying that we have created virtually two Indias, one is of the haves and the other is of the have nots and these two Indias are becoming more and more pronounced as days go on. The poor man in the village or in the cities or in the towns has not been able to maintain even the minimum standard which was there in the past. The economy has been geared not to encourage social gains for the many but for the private profits of a few. The annual average per capita income in this country is less than 2 per cent whereas in the neighbouring countries, the average per capita income is much higher, maybe 4 per cent, maybe 5 per cent or maybe 6 per cent. We have over a period of time been neglecting two important sectors which have bearing on the poverty situation in the country; one is the population growth and the other is illiteracy. We are making an unforgiveable blunder of alloting 1|2 a per cent of GDP for education and less than a quarter of 1 per cent of GDP on family planning. I do not want to dwell on these two subjects because they are very vast. I am touching on these two aspects because they relate to poverty and inequaliy. There has been no enlargement of opportunities for the poor, the distressed and the downtrodden people, to participate in the economic development of the country and we have achieved certain amount of growth but growth at what cost? We have released forces of unemployment in the country which cannot be met and poverty and unemployment go together. Nearly 30 million people are unemployed according to the employment exchanges and more than 30 million people are under-employed. All our anti-poverty programmes including those programmes which are meant for providing employment have failed. May I remind the Finance Minister that years back, the community development programme was started as a movement in this country and with a view to bringing about social change and economic transformation in all the rural blocks? But it failed. It failed not because the concept was wrong or the philosophy was wrong, but because there were too many components, elements, in the programme and negligible resources were allotted for that programme. Secondly, there was over bureaucratisation of the set-up. The officials at the local level had no heart and mind in that programme and they became corrupt. Thirdly, there was no participation of people at the grass-root

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level. Now you have brought in the 20-Point Programme in the place of that Community Development Programme. The result is the same; the consequence is the same the impact is the same. I wonder why you have invented—I use the word 'invented'—this 20-Point Programme when you have the Plan itself. It was done for a political purpose obviously. I do not want to go into that question. My main point is, your programmes have failed. And the sickness of industries, in the middle and large industrial sectors and the small sector has also contributed to the prevailing unemployment. Nearly 1500 big and medium industries are sick as on today. More than 1,50,000 small-scale industries are sick. Besides, the kind of technology you are having is capital-intensive and not labour intensive. Whatever you say today, the unemployment problem is very acute, serious and critical. Your subsidies and your various other ameliorative measures have not yet created any impact. Now you have come with a surcharge on assessees whose income is more than Rs. 50,000/- to mobilise is about Rs. 500 crores. I know you have provided nearly Rs. 1711 crores on the Budget for remedying unemployment. All these measures will be a drop in the ocean. Firstly, the administration of your programmes is anything but satisfactory. Much of the money is wasted. For instance, in the NREP, RLEGP and IRDP, the contractors who engage labourers under these programmes get more money than the labourers themselves. The money is meant for direct employment of these people. The money will not go to them. Much of it goes to the contractors who engage these labourers in various labour activities. The Government does not have any machinery at the grass root level. This is one instance. So however much we have provided for relieving unemployment, it will not yield results. May I suggest at this juncture to create a machinery for labourers themselves in the rural areas like the land army in which labourers themselves become the managers, labourers and technicians. The land army may be trained. It has to be mobile to undertake any task in the rural areas: construcion of roads, building of houses, digging of wells, and various other things. Therefore, I advocate a land army. Give up your 20-Point programme. Let the labourers in the villages be trained. Let them have the necessary skills so that they may use these skills productivity, and indirectly by that way we can bring about a radical change and transformation in the rural economy. I give you this instance whereby your resources can be meaningfully utilized to create permanent assets in the villages. Today what we find in the country or in the villages is a large number of beggars, orphans, exploited children and bonded labourers. And the growth that you are talking about is only a sort of rose in the decaying tank. Growth is a necessary prerequisite, I agree. But it is not a pre-condition of socio-economic changes in society. There has got to be a decisive change in your strategy and approach.

Mr. Chavan in his budget speech talks of social justice, growth, modernisation—all these things put together. In reality, as I said earlier, growth has been distorted and justice has been eroded in this country. We have landed the country in the morass of inflation. The overall deficit in 1988-89 is estimated at Rs. 7940 crores. In the next year, after taking Rs. 903 crores as the share of the Centre from the direct and indirect taxes the overall deficit is estimated at Rs. 7337 crores. The deficit in the entire Sixth Plan was around Rs. 11,000 crores. The deficit financing fixed for the Seventh Plan was, as you know, Rs. 14,000 crores. Now the deficit financing is going beyond Rs. 34,000 crores. At this rate, by the end of the Eighth Plan, the deficit-finaning will go beyond Rs. 50,000 crores. The greatest enemy of the economy is deficit-financing. This

has never been appreciated by the Finance Ministers of this country. For long you are following what I call or what the Westerners call, monetarism. Monetarism means creation of money and credit for meeting present economic problems and in particular to provide employment opportunities for many. In England, the Conservative Party is following this theory. In many other countries too, they keep to the famous theory of Keynes. That was an old theory. We have been the followers of monetarism in this country also to our detriment. The net result is that we are producing an economic crisis which we can never manage. This deficit financing on such a large scale has resulted in price explosion, wage explosion and interest explosion. For whose benefit? And it has not solved our problems. On the contrary, it has increased our problems and the problems of the country. It has generated black money which is perhaps more than Rs. 40,000 crores with all its ugly effects.

The non-plan expenditure in 1989-90 is expected to increase by 6507 crores of rupees over the budget estimates in the year 1988-89. What is alarming is that the revenue deficit in the current year is expected to reach 11030 crores of rupees, an increase of 1188 crores of rupees over the budget estimated and an incease of 1893 crores of rupees over 1987-88. As a proportion of GDP, the revenue deficit which has been only .6 per cent in 1979-80, has reached the ratio of 207 per cent in 1986-87 and 2.6 per cent in 1987-88. It is expected to touch 3.4 per cent in 1988-89. The revenue receipt may show a decline of .6 per cent over the last year. As a proportion of GDP, the current revenues grew from 9.4 per cent in 1980-81 to 12 per cent in 1987-88. Current expenditure in the same period rose from 10 per cent to 14.6 per cent of the GDP. The widening current account deficit is alarming as it consumes the capital receipts without creating matching assets. Consumption expenditure, Governmental expenditure, to a large extent, is being met by capital budget. This trend is not being reversed. The Finance Minister has claimed that there has been a reduction, attempt to reduce revenue deficit this year. He tried to do it by accounting manipulation. He has taken Rs. 2,300 crores from the oil pool account and another Rs. 500 crores which accrues from the dividend of the public sector industries. And so, the current deficit is really high...

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Dividend from the public sector is revenue.

SHRI M. S. GURUPADASWAMY: But it should go to a separate account for their development. My point is that if you exclude this, then the current deficit is very high.

Sir, the financial outlay for the Plan has increased. The total Central Plan outlay for 1989-90 will reach Rs. 34,446 crores against the current year's approved outlay of Rs. 28,715 crores, showing a step-up of nearly 20 per cent. The Finance Minister has gloated over the fact that the Central outlay for the five years would be around 15 per cent of the original 7th Plan outlay. I am afraid he is only indulging in chimerical exercise. He is heavily depending upon financial outlays, not physical targets. He also forgets conveniently the interest payments on the various borrowings. The interest payment which was 2.2 per cent in mid-80s and 1.7 per cent in 1975-76 has shown a marked growth of 3.4 per cent of GDP in 1979-80 and is expected to increase to 3.7 per cent of GDP in the current year. This is higher than, as you know, 3.1 per cent of the Defence expenditure. I don't think it is a healthy state of affairs. I am not going into the interest rate as such which is a very important issue. I have no time. You are no

following a correct interest policy in this country for long. It has an inevitable reaction on costs and prices. We are already having a cost, price and wage escalation. We are in that web. We are caught in that web. Some years back, the Finance Ministers used to talk about the economy in Governmental expenditure. I tried to find out whether the Finance Minister had made any reference to economy in the Government expenditure. He has not done anything at all. He has given it up perhaps as a different issue. The administrative expenditure is moving up from 6.1 per cent in 1985-86 to 7 per cent in 1988-89. The Government has been spending a huge amount on non-essential programmes and wasteful activities. May I refer, as an instance, as to how much money has been spent on various jamborees, festivals, walkathons, marathons, and what not? Can a country like India afford to spend money lavishly on such activities? In what way are the country and its poor people going to benefit from this extravaganza, this lavish expendiure? For whose benefit, for whose pleasure, for whose glory do we have it? I thought the Budgets prepared in this country were for the poor people. But now most of the Budgets, in actuality, are the Budgets for the rich, for the bureaucrats, for a few privileged groups in the society. Money supply with the public has been increasing at the rate of 17 per cent per year, and also during the current decade.....

3. P.M.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): I think it has gone down.

SHRI M. S. GURUPADASWAMY: No, please work it out. Some say it is 15 per cent. I hold the view that it is 16 to 17 per cent. This is the trend. And the value of the money compared to foreign hard currencies is being progressively eroded. Compare it to the situation in 1947. I would like you to go back to 1947. That period was the end of the war? We had our independence. At that time the talk of the economists was that fiat money was too much in this country. Fortunately, then we had sterling balances. We used all the sterling balances recklessly, unwisely. If you take 1947 as the cut-off year and compare the value of the rupee now, it is about three paise, and the kind of life, the quality of life or the standard of life of the common man at that time was not more dismal than the kind of life he is in today. The value of the rupee is very important. You have not maintained the value at all, and you are not a good watchman. With the enormous liquidity in the market, and deficit financing, how can you rehabilitate the rupee? Very few people have understood this important problem. Our country in the world has gone down because your currency, the rupee, is not respected anywhere, and the situation has worsened because there is misapplication of resources and productivity rate remains very low and stagnant. The pressure on prices, in particular, is tremendous year after year. The prices of essential commodities are rising. I am not talking about other commodities. Let the luxury goods be taxed. Let the rich people pay more money, pay any price. But the prices of ordinary commodities, essential commodities, are skyrocketing. In the current year, the consumer price index in respect of all commodities rose beyond 10 per cent.

Mr. Vice-Chairman, I come to another problem which has been subject of debate in various economic quarters: whether the country is perilously at the thershold of a debt trap. There has been an unbridled growth, increase, in the liabilities of this Government. The economic future of the country is mortgaged, the posterity is mortgaged. In 1988-89, the total liabilities of the Union Government would come to nearly Rs. 2,24,000 crores and it may go up in 1989-90. At the beginning of the current financial year, India's external debt was estimated at around

Rs. 55,000 crores. In 1989-90, the external debt repayment obligation as a proportion of the export earnings will be no less than 15 per cent. In 1985-86,..

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Mr. Gurupadaswamy, you have already taken fifty minutes.

SHRI M. S. GURUPADASWAMY: I would try to end. I must give some time to my colleague here. Sir, in 1985-86, the last year of the Sixth Five-Year Plan, the debt repayment obligation as a proportion of the export earnings was less than 10 per cent. Now it is more. In other words, you will have to begin borrowing just to pay for the borrowings. The best way to go about is to place a statutory ceiling on the public borrowings. Article 292 of the Indian Constitution empowers the Government to borrow upon the security of the Consolidated Fund of India within limits that may be fixed by law. Another effective way is to phase out the revenue deficit within two or three years. Public borrowings, in sum, should function as a catalyst for growth. But there should be debt planning; But you have adopted a very ad hoc approach on this all-important question. Your borrowings should be earmarked for productive purposes.

I would skip over one or two things and I now come to the taxation proposals of the Finance Minister. This is a very important issue. I tried to find out what modality, approach, has been adopted in regard to taxation. In the past, one or two Finance Ministers talked about simplicity, stability, liberalisation and rationalisaton of taxation in the country. I do not see that at all. I think India is one of the heavily taxed countries of the world. It is very poor but heavily taxed. I have got here the figures. Since 1981-82 up to 1989-90 total mobilisation of taxes comes to about Rs. 4752 crores. In the same period, before the Budget the Finance Minister has made it a habit, a fashion of increasing the administered prices of various commodities. The increase of administered prices is higher than the prices of other commodities all along. It is more than 12 per cent. In respect of other commodities it is about 8 per cent or a little more than 8 per cent. So, administered prices are kept higher than other prices all the time. Since 1980-81 till 1989-90, every year you have increased administered prices to the tune of Rs. 14363 crores. It is alarming. Now you have increased the administered prices of steel, cement aluminium, non-ferrous metals like zinc , copper. In addition, there is 11 per cent increase of freight in the Railway Budget. Indirect taxes, from the year 1950-51 as a base year up to now, is Rs. 14458 crores, and direct tax is Rs. 4962 crores. The Finance Ministry has said that he has taxed the rich and the middle classes alike, but 5 per cent increase in excise duty on many articles this year and the tax proposals as a whole would surely hit the poor and the middle class and make the budget inflationary. It is bound to worsen the general price situation in the country.

Instead of controlling the expenditure and improving the efficiency and performance, the Finance Minister has taken an easy course. Imposition of 8 per cent income tax is patently wrong. Firstly, it increases the tax by 4 per cent. Secondly, it means that the whole amount of Rs. 500 crores collected as surcharge would be kept by the Centre, whereas three-fourths would have gone to the States if it was straight increase of 4 per cent in tax rate. In plain terms, the surcharge would be used for financing the ruling party at the next general election. The opposition party has been urging the Government to consider creation of State fund for election purposes. Now they have created a State fund for Congress. This is the result of the tax effort made by Mr. Chavan.

SHRI SHANKARRAO NARAYANRAO DESHMUKH (Maharashtra): You are saying that it is only the Congress people who will benefit by this, whereas the benefit will flow all along.

SHRI M. S. GURUPADASWAMY: You know it very well. You are a Congressman. Once upon a time I was also a Congressman I know how it is done. I am sure the whole money will go to proper channel and through proper channel. You know what it is. It is tailor-made for the ruling party politicians. You must be very happy about it. That is why you say it is a very good budget, though it is a bad budget.

Finally, Mr. Vice-Chairman, the Budget lacks imagination. It is thoughtless, colourless. The whole thing runs like a widow's tale. Why I say this is people can weep and weep and weep but you go on with your own approach — stultified, traditional, conservative anti-popular and reactionary approach. In sum, you have compromised with every type of economic evil in this Budget. You have compromised with inflation and deficit financing, you have compromised with unemployment, you have compromised with price escalation, you have compromised with high technology, you have compromised with inequalities of wealth and income you have compromised with growing evils of illiteracy and poverty among the various sections of the people and you have compromised with black money, you have compromised with profiteering, smuggling and you have compromised with exploitation of the poor, the down-trodden, the wretched sections of our society. If I am allowed to use the famous words of Hobbes who wrote in a different context centuries back, the Budget of Mr. Chavan is poor, nasty, brutish and short. It is an exercise in deception and masquerade; it is a cover-up operation. I do not think this Budget is going to be called a people's budget. It is an anti-people budget. It is not a budget for the poor people, for the common man. You are creating diversions and perversions in the economy and the social justice that you are claiming is only for the purpose of public consumption. You have adopted, what I call, a publicity-oriented budget. It is an exercise in public relations and this Budget is meant to just mislead the people. Therefore, Mr. Vice-Chairman, I cannot make myself support the approach, the strategy, the philosophy—and there is no philosophy, as I said earlier -- of the Finance Minister. I thought that by coming over from Maharashtra, having an interregnum of stay there, he would bring a refreshing air to the economy. I am sorry, I am disappointed. Thank you.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Shri Dipen Ghosh has to go to the hospital. So I allow him now, then two Members from the Congress and then, Prof. Lakshmanna.

SHRI DIPEN GHOSH: Mr. Vice-Chairman, Sir, my colleague, Mr. Gurupadaswamy, has attributed many epithets to this budget, but I would only like to start by saying that this budget, the budget of 1989-90 has earned the distinction of having taken to subterfuges and window-dressing in the best way.

Sir, the Union Finance Minister, in his budget speech, has expressed his Government's intention to bring a legislation for facilitating a boost in the export of gold jewellery. But, Sir, here Mr. Chavan will also share my feelings — in our country one sells one's gold jewellery only when one falls into a wretchedly distressing condition and one is immersed in indebtedness over one's ears and head, then only does one sell one's gold jewellery. The Union Finance Minister's statement about sale of gold is symptomatic of the wretchedly distressing condition which his Government has brought our country to. However, let us turn to the exact proposals that the Government has made.

Let me take up the first important issue which the Union Finance Minister also has mentioned in his bud-

get speech that is the problem of unemployment. Our Union Finance Minister has, rightly—though in a wrong budget and in a wrong speech—pointed out that unemployment is the most urgent problem of the people to be tackled. It is most gratifying to note— I say "gratifying" that he has proposed to launch a "new intensive rural employment programme" or, rather, a rural intensive programme of fuller employment opportunities to at least one in a family which is living below the poverty line, in as many as 120 districts. Sir, the Government and many spokesmen of the Government also have gloated over it. Is it not a shame on our part that after 42 years of freedom, after the completion of seven Five-Year Plans and on the eve of our Govenment launching another Five-year Plan—the 8th Five Five-Year Plan—we are saying that in order to offer fuller employment opportunities what we can do at best is to offer employment to one person in a family living below the poverty line, in 120 districts? Does it not betray the kind of development, the kind of progress this Government has achieved during the last 42 years of independence, on the completion of seven Five-Year Plans? Mr. Gurupadaswamy has talked about how money is to be spent. But I look at the problem the other way round.

It is further gratifying to note that this new scheme has been sought to be associated with the name of Jawaharlal Nehru. It is really a tribute to him because from his tenure the problem of unemployment started to grow in our country.

Sir, what is the actual arithmetic of this Rs. 500-crore proposal? Have you gone into it? Even though the Finance Minister has not explained it to the nation, at least he has said: "one in each family living below the poverty-line in 120 districts." In our country we have 400 districts. If the population is 80 crores then the population of 129 districts comes to 24 crores. You calculate arithmetically. You need not show it. If the population is 80 crores in 400 districts, in 120 districts what will it come? Around 24 crores on an average?

THE MINISTER OF STATE IN THE DEPARTMENT OF REVENUE IN THE MINISTRY OF FINANCE (SHRI AJIT PANJA): All equal population?

SHRI DIPEN GHOSH: This is average arithmetically. It is 24 crores. Our Finance Minister has stated that these 120 districts will be in backward areas. Obviously, in the backward areas on an average 50 per cent of the population lives below the poverty line. Then it comes, on an average, to 12 crores. You divide Rs. 500 crores. It comes to Rs. 41 only per head per year. Then, if a family consists of five persons, at one per family, it means Rs. 205 per family per year. This Government will be spending Rs. 205 per family per year on an average. Thereby, they promise to offer fuller employment to the people living below the poverty-line. This is the gimmick. There is a limit to gimmickry, but with this Government there is limitless gimmickry.

Sir, now I come to the other programmes which could offer fuller employment to the people. That is, the RLEGP, the NREP our friend Mr. D. P. Ray's favourite Programmes.

SHRI S. S. AHLUWALIA (Bihar): The money is going to the CPM.

SHRI DIPEN GHOSH: Have you gone through the total allocation? You do not have mind for that. You are for using only your lung power and not the mind power.

SHRI S. S. AHLUWALIA: If I use both, you will be nowhere.

SHRI DIPEN GHOSH: Don't mind. Excuse me for it. In that part of anatomy which is above the shoulder there is not only the larynx but brain also.

SHRI S. S. AHLUWALIA: If I use both, you will be in the Bay of Bengal.

SHRI DIPEN GHOSH: However, he who knows, knows. Sir, you know

[Shri Dipen Ghosh]

actually what the total allocation is for the RLEGP, apart from that Rs. 500 crores. The RLEGP and the NREP can provide employment to the people living in the villages. What is the total allocation this year in this regard? The total allocation from Rs. 1,258 crores in 1988-89 has been reduced to Rs. 1,211 crores in 1989-90. If you take into mind inflation rate, what would have happened today? By reducing the real allocation in respect of RLEGP and NREP, how do you propose to tackle the problem of unemployment? And instead of strengthening the RLEGP and NREP, what was the necessity of proposing another additional programme of Rs. 500 crores? Let the Finance Minister tell us on this. You have your programmes—RLEGP and NREP. By reducing the real allocation on that account, you are proposing to create another scheme and are boasting that you want to create job opportunities for the people in our country.

Again, in the last year's Budget we were told about Kuteer Jyoti, Jaldhara and many other programmes as part of the anti-poverty programme and the programme to serve the interests of the peasants. I would like to know if there has been any review in the Budget speech here this time? What about the Kuteer Jyoti? What about the Jaldhara programme? To what extent have these programmes helped the people of our country? Before announcing to launch new programme, Parliament is entitled to know what has happened to those programmes which were announced during the last year's Budget. How much money was spent on those programmes and how many people have been benefited out of those programmes? No information has been provided in regard to them.

We were told -- at least we heard in public rallies and we read in newspapers also—that our leaders have said that they were going to provide mid-day meal and two sarees per family living below the poverty line? What about those programmes? Are they to be spoken only in mass rallies and when the Budget is presented, they do not form part of the scheme as per the assurance given by the leaders to the people on the eve of elections? There is a limit to gimmickry, but to this Government, it is limitless. Even in the case of agriculture in 1988-89, you know the revised estimate of expenditure on agriculture was Rs. 1,290 crores. In 1989-90, the proposed allocations on agriculture is Rs. 1,203 crores. By reducing the budgetary allocation on agriculture, how does the Government propose to serve the peasants about whom they are speaking so much? These are all figures here. It is not the speech.

Now, I come to irrigation. Irrigation relates to agriculture and the peasants are benefited by it. For irrigation also there has been a reduction from Rs. 217 crores in 1987-88 to Rs. 205 crores in 1989-90 and here also you can add inflated rate to it. For rural development there is an increase in allocation and that too only by Rs. 3 crores, whereas on agriculture there has been a reduction, on irrigation there has been reduction and on rural development there has been an increase of only Rs. 3 crores and that also minus inflation rate which will take place in the meantime. So in actual terms on rural development also, it will come down. The expenditure will come down compared to what was in the last year. Yet this Government through this Budget says that they want to serve the peasants and rural people. On social welfare programmes also I can show the same thing but I do not want to take much of the time since another colleague of mine will take part in the discussion on the Budget. So actually these are all illusions.

Now, I want to draw your kind attention to one very important thing and that is about the defence budget. The defence allocation has not been

changed. It remained the same at Rs. 13,000 crores. If there was any criticism from this side or that side or whatever side about higher expenditure on defence the critics were dubbed as unpatriotic. As you know, Sir, even last year also when some criticised about higher allocation for defence, then, those critics were dubbed as unpatriotic. But this year the defence budget has been retained at the same Rs. 13,000 crores. What does it appear in real terms? If 10 per cent inflation rate is taken into consideration, in that case, the defence budget has actually been reduced. Yet, they will claim themselves as patriotic. The Union Finance Minister will claim himself as patriotic. When there was Rs. 13,000 crores allocation for defence budget there was criticism and then the critics were dubbed as unpatriotic. This time it having been kept at Rs. 13,000 crores and if inflation is taken into consideration then, in actual terms, it means the defence budget has been proposed to be reduced this time in 1989-90 Budget.

Sir, again another aspect in the defence budget that there has been actual reduction—I am not talking about inflation only—to the extent of Rs. 305.75 crores. From these Budget books, it will be seen that this Rs. 305.75 crores has been reduced in the defence budget proposal of this year. On account of what on about whom also not a single word of criticism can be uttered from this side and whenever a single word was sought to be used, they were treated as holy cow that is, on account of army personnel, on account of air force personnel. I can give you the total figure. On account of the pay and allowances of army, auxiliary froces, navy, reservists, civilians, air force, reservists and civilians, the total revised expenditure was Rs. 3404.43 crores in 1988-89. In 1989-90, it has been proposed at Rs. 3098.68 crores. As you know Mr. Panja is here—on account of pay and allowances, there cannot be any reduction because the pay will rise there will be annual increment, the dearness allowance will rise because of inflation and up to Rs. 3,500, they will get 100 per cent neutralisation. So, the expenditure on account of the pay and allowances incurred during the last year will automatically rise this year because of these two factors. But how the allocation on pay and allowances could be reduced in that case? Obviously when the number of personnel is reduced, it happens so. Of course, they will say, in that case, sophisticated armaments have been bought. We are replacing the personnel with the sophisticated armaments. While recruiting peasant boys to our army, there is no kickback.. But while buying sophisticated armaments from abroad, there is kickback. So, Sir, what I want to say in connection with this Defence Budget is—because if you will see the Defence Budget from the other way round, not in connection with the Budget—that every time, we ask why we are required to spend more on defence. It is because of some hostility of some forces towards our country, towards our freedom, towards our unity, towards our integrity and towards stability of our country. You know who are those imperialist forces which are helping some of the hostile neighbours of our country? The U.S. imperialists are helping Pakistan to arm itself and in order to maintain our preparedness, we too spend more on defence. True, but, Sir, while proposing a higher Defence Budget for that purpose, should there not be a word against that U.S. imperialist, against those forces for whose machinations, for whose activities, we are to spend more on defence and thereby we should go in for deficit financing and exploit the people? Had there not been U.S. endeavour to arm Pakistan, we need not have to spend so much on defence and at least half of the Defence Budget, *i.e.* Rs. 7,000 crores, we could have saved and in that case, we could have saved Rs. 7 000 crores of deficit financing thereby coming to the succour of the people of our country. While suggesting a Defence Budget, you must look politically but there is no-

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thing in the Budget speech, no condemnation and in the Defence Budget, they have suggested a reduction ...(*Interruptions*)...

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): If you say so about the President's Address...(*Interruption*)

SHRI DIPEN GHOSH: This is my political criticism. No, Sir, I come to another point which they are boasting of, that is, self-reliance. The Union Finance Minister's speech is there. He has claimed that this Government has achieved 'remarkably' in the direction of attaining a self-reliant economy'. But you know, Sir, what this self-reliant economy is. It is stated that as against 28 per cent growth in imports, there has been 24 per cent growth in exports. It is admitted in the Finance Minister's speech also. There has been an increase in exports. But the rate of growth of imports is faster than the rate of growth of exports. Yet it is called a self-reliant economy. When imports grow faster than exports, in the version of the Union Finance Minister, it is a self-reliant economy, a remarkable achievement in self-reliance. you know about this gap. I do not want to quote figures.

As regards repayment of debts, it is another aspect where the Budget speech and the Budget have more to hide than to reveal. The economic survey mentions that the repayment of debts has already reached 24 per cent of our exports. Actually they have stated that our foreign debts are Rs. 55,000 crores. But according to OECD reports, it is Rs. 85,000 crores.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): That is Government debt. Rs. 85,000 crores is Government debt.

SHRI DIPEN GHOSH: Yes. The OECD report also says Government debt is Rs. 85,000 crores. This can be checked up. This morning there was a mention about ASSOCHAM and FICCI. This was pointed out in a seminar conducted by FICCI in the presence of the Union Finance Secretary. He did not challenge that figure. In the Budget speech and the Budget it has been stated that there have been proposals for further reduction in import duty and further enlargement of the list of OGL. What does it mean? It means further increase in imports. And yet, we will be boasting that there has been a remarkable achievement in economic self-reliance. And, by these reductions in import duty, export promotion benefits in the shape of import duty drawbacks, replenishment this way or that way and cash subsidies which you have increased by Rs. 400 crores in this Budget, whom are you serving? I can quote the figures for five years from 1983 to 1987. Birlas: imports Rs. 600 crores, exports Rs. 368.3 crores; Thapar: imports Rs. 272 crores, exports Rs. 105.9 crores; Singhania: imports Rs. 423.8 crores, exports Rs. 112.2 crores; Mafatlal: imports Rs. 232.5 crores, exports Rs. 189.9 crores; Modi: imports Rs. 152.9 crores, exports Rs. 84.6 crores; Escorts: imports Rs. 104.6 crores, exports Rs. 8.8 crores; Raunaq Singh: imports Rs. 39.5 crores, exports Rs. 27.8 crores. Gareware: imports Rs. 241.8 crores, exports Rs. 105.8 crores, Bajaj; imports Rs. 412.9 crores, exports Rs. 326.6 crores.

Sir, you will find that whatever benefits, whatever concessions, this Government has been offering on account of export promotion in the shape of import liberalisation, those benefits or concessions are being enjoyed by such big houses more, but they are not exporting to the tune they are enjoying the benefits in the shape of import liberalisation.

Yes, you have the export growth. But who are exporting? I will quote from the Economic Survey. In 1987-88 the export of readymade garment recorded an increase of 34.7 crores on top of increase of 24.7 crores in 1986-

87. Then, Sir, the gems and jewellery sector is the largest single foreign exchange earner and it accounted for 16.6 per cent of total exports in 1987-88. These exports have increased by nearly 75 per cent in the last two years, rising from a level of Rs. 1503 crores in 1985-86 to Rs. 2614 crores in 1987-88. This rising trend is built into the current year also with exports in the first half increasing by 47.5 per cent of the corresponding period last year. So, actually the burden of export promotion or the exports which are increasing, is on the small and cottage sector, and the large houses which are enjoying the import benefits are not exporting to the extent they are required of. And for them again in this Budget the Government have declared further concessions on imports.

Sir, I will come to another important point, that is about domestic consumption. Sir, the Union Finance Minister has pointed out in his Budget speech—I quote:

> "We must be prepared to restrain domestic consumption to some extent in cretain areas in order to release supplies for exports."

But what is the present rate of per capita domestic consumption? You are asking the people to tighten their belt, to consume less and allow more exports. And to allow more exports you are providing more and more concessions and these concessions are being enjoyed by certain large houses. This is the formula. The people should tighten their belts. They should consume less and allow for more exports. They will export and most of the exports promotional benefits will be eaten away by the large houses.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Now you are taking something different. You said earlier that the small people are exporting.

SHRI DIPEN GHOSH: Now I am coming to the *per capita* domestic consumption. You know, Sir, what the *per capita* domestic consumption is. It is given in the 'Economic Survey'. It is the Government book. The *per capita* consumption of foodgrains, pulses, cloth and cotton is miserably low. This is the *per capita* consumption. With that background, they are being asked to further cut the domestic consumption for more exports which will ultimately result in gainful income to the few sections of the community. Sir, this is the reality that this Budget has presented to us.

Now I come to growth in GDP. This is a sector about which boastful claims have been made saying that the GDP growth of 3.6 per cent is due to resilience and drought economy management. It is said that the foodgrains production has been marginally reduced. The words used are "marginally lower than in the previous years." That the production is marginally lower than in the previous year, what is the intention of putting in these words? It means that it is nothing. It is only marginally lower than in the previous years. It is almost the same. Good. But if we consider the other aspect of the same thing, the picture is different. It is the price aspect. If the production is only marginally lower, then why have the prices not gone up only marginally? Why have they gone up at a sky-high rate? You must not assess the strength of the economy only in one way. You say that due to resilience the production could be kept up and that there was marginally less production. If you look at the price front, the things appear to be different. If the production is only marginally less, then how can the prices shoot up to that extent? It means that there is some inefficiency somewhere. We don't blame the peasants. We don't blame the people who produce They could keep up the production. But the peasants don't get more price. At the same time, the buyers in the cities and in the urban areas have to pay

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more. The peasants are not gaining anything on account of increase in prices. You assess the performance of this country by quoting cretain production figures and say that this is due to resilience, you could manage well, the food production was less but it was marginally lower than what it was in previous years. If you assess it by the increase in prices and on the basis of marginally less production, then I would say that this marginally less production is not appropriately reflected in prices. As in the case of import and export in

4.00 P.M. GDP growth also, what is the share? Tell me. Mr. Panja is here. He may reply or Mr. Chavan may reply. Most of the share has come from the service sector. The share of the sevrice sector in the GDP has increased from 37 per cent to 40 per cent between 1980 and 1987. And you know how the service sector could contribute more to the rising GDP. It is because of increasing expenditure on defence, police, administration, etc. So, the service sector's contribution to the rising GDP was more than that of the manufacturing sector. Whatever increase is there in the GDP, that is because of more contribution from the service sector than the manufactuing sector. The service sector's share in the GDP has increased from 37 per cent to 40 per cent between 1980 and 1987. And out of 11 broad categories in the manufacturing sector, only in 4 broad categories there has been an increase in the share of contribution to the rising GDP. And what are those four groups? These four groups are: electrical appliances, electrical goods, components, and mostly consumer durables. They rose to 31.3 per cent per annum as against the targetted 12.5 per cent.

Sir, if one has to assess the performance of the economy, one is required to assess it as a whole. It is true that there has been an increase in the GDP. But that is because of increase in the contribution from the service sector and that too on account of more expenditure on defence, police, administration, etc.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): There is increase in steel production and coal production...

SHRI DIPEN GHOSH: It is not much. It does not come to that type of percentage rise. That is why I am saying that out of 11 broad groups in the manufacturing sector, only in four broad groups there has been an increase. And mostly these four broad groups comprise the consumer durables. So *via* luxury goods, this GDP has grown.

Now, Sir, if you come to the Receipts side, you will find that there has been an increase in the administered prices of coal and steel. That would bring Rs. 400 crores. And the increased Railway freight rates will bring Rs. 576 crores. It means, before the Budget was presented, Rs. 1,276 crores were imposed on the public. Plus the customs, excise and direct taxes proposed in the 1989-90 Budget are to the tune of Rs. 1,287 crores. Thus, total imposition on public comes to Rs. 2563 crores. Here also, if you consider as to how this burden will be shared by the people, you will find that customs tariff will be only Rs. 117 crore while concessions of Rs. 237 crores have been granted. Thus there is reduction of Rs. 120 crores on account of customs tariff. There will be reduction in receipts, of which Rs. 100 crore will be on account of liberalised capital goods imports. But whom will this benefit? Obviously it will benefit those about whom I have just quoted the figures. Besides excise duty minus concessions of Rs. 71 crore, the additional revenue will still remain at Rs. 792 crore. How is this burden going to be distributed? On T.V., on motor vehicles etc., it is Rs. 282 crores, and the rest of it will have to be borne by the common people. In addition, there has been a rise in the administered prices; there has already been a

hike in railway freight. So, most of the burden has to be borne by the common people.

I am going to conclude with one more important point...

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Public sector is not important! Will your colleague say about it?

SHRI DIPEN GHOSH: My other friend is also there. So, whatever mobilisation of resources has been sought to be achieved, that is at the cost of the States and small and cottage sectors. You can see how the States have been proposed to be fleeced. I should say. During 1988-89, under the revised estimates, the total loans and advances made to State Governments and Union Territories were to the tune of Rs. 10168 crores, receipt of interest and repayment of past loans amounted to Rs. 7336 crores, thereby making net loan assistance of only Rs. 2832 crores available for new investment in the plan projects. So, during 1989-90, total disbursement of loans to States and Union Territories is budgeted at Rs. 11254 crores but repayment of principal and interest on past loans is to be Rs. 8508 crores, leaving a net balance of Rs. 2746 crore. Apparently it is a big figure. But what does it come to? It is less than even the small sum available to States and Union territories last year Last year's loans and advances stood at Rs. 10168 crore. Receipts of interest and repayments of past loans amounted to Rs. 7,336 crores thereby making a loan assistance figure of only Rs. 2,832 crores. This year, the figure is Rs. 11,254 crores. But the repayment of principal and interest on past loans is Rs. 8,508 crores leaving a net balance of only Rs. 2,746 crores. Therefore, whatever the resource mobilisation for which the Centre is taking credit is sought to be made at the expense of the States. Moreover, with the inflation let loose by the policies of the Central Government, the real value of this Rs. 2,746 crores will be much less.

To conclude, this Budget superficially, on the face of it, appears to be attractive but it has failed to take note of any of the vital interests of the economy and of the people. It will not solve the problems of the peasants. On the contrary, the allocations for those sectors which concern the peasants have been reduced. The allocations for such prgrames and projects which could create more job opportunities in the villages have been reduced. This new programme which is sought to be highlighted is nothing but a gimmick as I have given the arithmetic. It may be different here and there. But on an average it will be like that. Mr. Panja has sought to dispose of my argument with a smile.

SHRI AJIT PANJA: Smiles are not recorded.

SHRI DIPEN GHOSH: They are seen. You will have to take into account the population. Unless you deliberately choose desert areas where there is no population or very little population, the calculation will almost be the same. It may vary here and there. But you cannot provide more than Rs. 200 per family per annum out of the Rs. 500 crores which is sought to be collected through a surcharge on income-tax on taxable income above Rs. 50,000. This is what has been stated. Surcharge on income-tax means the Centre will not have to share that amount with the States. This is also a programme at the expense of the States. Whatever populist programmes you want to have are all at the cost, at the expense, of the States.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): The States will also benefit.

SHRI DIPEN GHOSH: But the programe will be implemented by the Centre. The choice of the districts, the nominations of the families etc. will be done by the Centre absolutely. It will not be implemented in consultation with the States. Of

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course, they say that the exact format of the programme will come later. But one thing is clear that the programme will be implemented over the head of the States, at the cost of the States. They will choose some districts...

SHRI AJIT PANJA: Mr. Ghosh is a bundle of suspicions.

SHRI DIPEN GHOSH: The needle of suspicion is at you always.

SHRI AJIT PANJA: The needle of suspicion is your boss's voice used in the newspapers.

SHRI DIPEN GHOSH: That the people have come to know. People have come to know.

SHRI AJIT PANJA: You will know it very soon.

SHRI DIPEN GHOSH: People have come to know. You need not worry.

SHRI AJIT PANJA: You will come to know. It is you who depicted Indraji as a witch on the walls of Calcutta. You must be ashamed of yourself. (*Interruptions*).

SHRI DIPEN GHOSH: People of West Bengal did not vote you.

SHRI AJIT PANJA: They have voted me. I have not come here because of your mercy.

SHRI DIPEN GHOSH: I know how you have come here. (*Interruptions*). He has provoked me, he has to reply on budget, but, unfortunately something else is haunting him. (*Interruptions*). Not me.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): He will take care of all your points.

SHRI DIPEN GHOSH: What Mr. Gurupadaswamy was saying is a different thing, but over the heads of the States, at the expense of the States, by charging a surcharge on income-tax they want to show to the world that they are proposing to give succour to the unemployed by offering job opportunities to one in each family living below the poverty line in 120 districts, but arithmetically it comes to around Rs. 200 per person per family per year. (*Interruptions*): Yes, you may check up from the minutes. You don't do that and that is the whole difficulty with you.

SHRI MURLIDHAR CHANDRAKANT BHANDARE (Maharashtra): you are missing the zeroes.

SHRI DIPEN GHOSH: For three days you said, no, no. Now, immediately after your leader said, you say, yes, yes.. So, your no is a temporary no, and the life of posterity is limited to certain hours only.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): You have taken one hour.

SHRI DIPEN GHOSH: So, again I say that this budget has earned...

SHRI MURLIDHAR CHANDRAKANT BHANDARE: He does not know anything of the parliamentary democracy. How can I say anything on behalf of the Government? He always misses zeroes and the result is that he is himself reduced to a zero.

SHRI DIPEN GHOSH: When you say no, people are asked not to take it as 'no'. When you say yes, people are told not to take it as 'yes'. So, even your voice may sound to be yours but the person is not you.

SHRI MURLIDHAR CHANDRAKANT BHANDARE: Anyway we don't steel things.

SHRI DIPEN GHOSH: So, this budget has earned a distinction of having taken to subterfuges and window dressings in the best possible way and obviously this budget does not or cannot expect any support from the Opposition because this is an anti-people budget.